

SPARSHOLT COLLEGE HAMPSHIRE
MINUTES OF THE MEETING OF THE
BOARD OF GOVERNORS
held on 24 January 2019 at 4.00 pm

¹PRESENT: D Beaven (E); J Blaber (St); E Bolton (S); T Floyd (E); N Hopkins (E); T Jackson (P); M Lauder (E); A Neal (E); S Morgan (E); A Owen (E); R Palmer (E); C Wilson (E).

In attendance: S Grant, Deputy Principal – Corporate
S Horrobin, Director of Finance & Facilities
J Milburn, Deputy Principal – Curriculum
S Willson, Clerk to the Corporation

APOLOGIES AND MEMBERSHIP

1. Apologies were received from Z Carter, E Hunter and A Neal.
2. The Chairman reported that A Hoad had resigned as a Member of the Board on 21 January 2019 due to other commitments. The Board expressed gratitude to A Hoad for his significant contribution to the College during his time as a Board Member.
3. The Chairman noted that this was the last meeting of E Bolton, as a Staff Governor, and thanked her for her commitment to her duties as a Board Member during her term of office.

DECLARATION OF INTERESTS

4. In relation to the proposed agreements regarding Sparsholt College Services Limited (SCS) and the College, the Board noted that N Hopkins, T Jackson and A Owens are (unremunerated) directors of SCS. As SCS is a wholly-owned subsidiary of the College, the Board was content that N Hopkins, T Jackson and A Owen take part in discussion of the proposals but would not take part in a vote.

COLLEGE POLICIES

5. The Board had received the report of the Assistant Principal – Higher Education and Deputy Principal – Corporate which proposed two new HE policies and one new FE policy in relation to the fitness of students to study and practice and an update to the Policy and Procedures for Managing Learner/Student Conduct.
6. The Board noted that the HE policies had been prepared to satisfy the requirements of both the Office for the Independent Adjudicator (OIA) and the Royal College of Veterinary Surgeons (RCVS) and to provide greater clarity to HE students. It was considered good practice to provide the same clarity to FE students.
7. The Board noted that the Policy and Procedures for Managing Learner/Student Conduct had been updated to enable appeals to be heard by any member of the Strategic Leadership Team.

¹ (E) = External; (P) = Principal; (S) = Staff; (St) = Student

8. Members sought a number of clarifications during discussion in relation to the student experience and related procedures. Responding to questions, the Deputy Principal – Corporate confirmed that the impact on fees in the case of students ceasing their studies was set out in the separate HE Fees, Refunds and Compensation Policy and that the student loan repayment regulations covered matters relevant to disability legislations considerations. The Assistant Principal – HE confirmed that University Centre Sparsholt (UCS) complied with Portsmouth’s regulations in terms of withdrawals and suspensions, with the timing of a student’s return informed by the point of their studies at which they were suspended. It was also noted, in response to a Member’s question, that the Student Code of Conduct could initiate Fitness to Study procedures in some circumstances.
9. **Resolved** – that the following new and updated policies be approved:
 - a. HE Fitness to Study Policy
 - b. HE Fitness to Practise Policy for Veterinary Nurse Students
 - c. FE Fitness to Study Policy
 - d. Policy and Procedures for Managing Learner/Student Conduct.

FINANCE

10. The Board had received the report of the Director of Finance & Facilities updating on planned changes to the Lloyds bank covenants and the potential Handelsbanken Revolving Credit Facility (RCF).
11. The Board noted that Lloyds Bank had agreed to revise the covenants for the current bank loan to reflect FRS 102, subject for formal credit approval.
12. Responding to a Member’s question about whether the Ratio of Borrowing to Adjusted Operating Surplus covenant meant that the College could not make a loss in any year, the Director of Finance & Facilities explained that a small deficit could be made without breaching the covenant.
13. The Board noted that Handelsbanken had formally offered the College a £1,600k RCF and that the terms were currently being reviewed by the College’s legal advisors with the aim of being presented for approval at the April Board meeting.
14. A Member asked about the impact on the budget of the timing of the start of the RCF and the Director of Finance & Facilities confirmed that the 2018/19 cash flow and Income and Expenditure account did not yet include the projected improvement once the RCF was in place.
15. The Board noted that the College’s bank loan covenants were tested regularly against projected cash flow and that a further report would follow to the Resources Committee in March.

COLLEGE GROUP STRUCTURES

16. The Board had received the report of the Principal, Director of Finance & Facilities and Clerk to the Corporation on the proposed agreements between the College and SCS and the agreement with the Hampshire Pension Fund.
17. The near final versions of the four agreements had been circulated to Members and had been confirmed by the College’s lawyers, Eversheds, as being a legitimate commercial contact between SCS and the College. The employment lawyers, Warner Goodman, had also confirmed that the arrangements complied with employment law. It was noted that

any potential risks to the College had been carefully considered during the project and that the agreements provided a clear operating and charging framework for both the College and SCS. The College was the sole shareholder and was able to both appoint and dismiss directors of SCS.

18. The Principal introduced the report, emphasising that the proposed agreements and structures were intended to enable the College Group to make significant future annual savings in pension costs without disruption to College business support services or delivery of its educational mission, compliant with laws and regulation. The Director of Finance & Facilities summarised the key aspects of the legal agreements which provided a five-year contract with a year three potential break (with one year's notice given by either party).
19. The Principal explained that final advice was being confirmed with Eversheds and Warner Goodman as to whether draft requirements in relation to the TUPE on exit provisions, which were highlighted in the Supply of Services Agreement and Indemnity Agreement, were required. The legal agreements with SCS were also subject to final detailed version control review by Eversheds and any material revisions would be highlighted to the Principal and Vice Chairman prior to signature. The Board agreed that it was content these final changes be made in line with the advice of the lawyers. It was also noted that the agreements could subsequently be revised with the agreement of the SCS Board.
20. In relation to the pay and pension arrangements for SCS staff, the Principal updated his report to confirm that SCS had now been issued with a PAYE reference number by HMRC and that the HR Manager was proceeding with setting up the NEST pension provision for new joiners to SCS.
21. Responding to a number of questions during the discussion, the Principal provided assurance that the College's activities would not be disrupted by the transfer of staff to SCS and that there would be no impact on students. Operational changes, such as to staff email addresses, would be carefully managed so as not to disrupt teaching and academic activities.
22. Although the contract was for five years, it was noted that the Board did not anticipate at this time any circumstances under which the contract would not be renewed. Additionally, the Director of Finance & Facilities confirmed that the new structure and agreements would not constrain the College's ability to consider mergers with other colleges in the future, if this was in the best interests of the College and its learners.
23. Members discussed the provisions relating to staff restructures and redundancies and questioned whether there was a need to set specific limits to severance payments for SCS staff. It was agreed that the risk of the SCS Board agreeing severance payments out of kilter with the approach to College staff was low given the related provisions in the Supply of Services Agreement and that no further amendments were required.
24. The Board noted that the Admissions Agreement with the Hampshire Pension Scheme had been reviewed by Eversheds and was recommended for approval with a change to Page 17 (Pooling arrangements Part 1) which had been agreed with the Scheme and by the SCS Board. This has also had prior scrutiny by the Resources Committee. It was noted that the Scheme's lawyer was drawing up the final version for signature and that the appendices would include the schedule of eligible employees to be produced the HR Manager and agreed by the Principal.

25. Discussing the proposed Admissions Agreement, Members sought assurance as to the level of risk with regard to the College’s guarantee. The Director of Finance & Facilities confirmed that the guarantee was required for the pooling arrangement, to mitigate against a higher employer contribution rate being required, and did not represent a change in the current level of risk to the College at this point in time.
26. After due and careful consideration, the Board agreed that it was in the best interest of the College to enter into the agreements with SCS and with the Hampshire Pension Fund.
27. The Board noted that the SCS Board of Directors was due to meet on 28 January to consider and approve the Admissions Agreement with the Hampshire Pension Fund and the four agreements with the College.
28. **Resolved** – that the Admissions Agreement for the Hampshire Pension Fund between Hampshire County Council, Sparsholt College Hampshire and Sparsholt College Services Limited be approved and that, once issued by the Scheme lawyer, be signed by the Vice Chairman and Principal on confirmation that the agreed change had been made and the appendices completed.
29. **Resolved** – that the following agreements between Sparsholt College Hampshire and Sparsholt College Services Limited be approved and signed, as required, by the Vice Chairman and Principal following completion of the final review by Eversheds:
 - a. Agreement for the Supply of Services
 - b. Transfer Agreement
 - c. Indemnity Agreement
 - d. Governance Agreement
30. The Principal briefed the Board on the recruitment of a new Finance Director by the SCS Board with the intention of appointing on the same basis as the current Director of Finance & Facilities, including the intention to appoint the new post holder as a director of SCS.
31. The meeting closed at 5.00 pm.